

Aloysius Rauen

CEO

Annual General Meeting Financial Year 2008/2009

Düsseldorf, 2 March 2009

Check against delivery

Dear shareholders,

I, too, would like to warmly welcome you to our Annual General Meeting on the occasion of the financial year 2008/2009.

Before I go into the financial year just ended, I would first like to introduce myself to you personally, since this is my first Annual General Meeting as Chairman of the Management Board of Demag Cranes AG.

My name is Aloysius Rauen, I am 53 years old, have been married for 23 years and have been in the company since 1 May 2009. I was born in Lengerich / Lower Saxony and, among other things, studied mechanical engineering at the Ruhr-University in Bochum.

Before my time at Demag Cranes, I worked in the aviation and automobile industry and most recently as Chairman of the

Executive Management of Eurofighter Jagdflugzeug GmbH, a European company working in the area of development, production and maintenance of military aircraft.

Here, above all, intercultural co-operation in integrated structures was of crucial importance and, for this reason, I have extensive experience particularly in the area of target-orientated consolidation of various corporate divisions with an international background – a task which is currently at the top of the agenda at Demag Cranes AG.

At home, my father established a family company with a handful of employees. I worked very intensively in my parents' company and learned two things in particular about corporate life:

1. The best product is worthless without customers.
2. Over the long term you cannot spend more money than you earn.

These findings, which sound almost trivial, have marked me to this day.

In addition to my passion for our company, I am interested in sport and keep fit by running and hiking.

Ladies and Gentlemen,

In the following 30 minutes, I would first like to review the past financial year once again. Moreover, I would like to present some financial figures to you more closely and look at the Demag Cranes share and the dividend proposed by the Supervisory Board and the Management Board. In the second part of my presentation I will concentrate particularly on presenting our path to becoming an integrated group and look at developments and outlook for the current financial year.

Allow me to start with the central messages, before giving you an overview of the commercial development in the group and the three segments of Industrial Cranes, Port Technology and Services.

The past financial year was marked by the adverse impacts of the economic and financial crisis. The ensuing global economic cool-down held back capital spending by customers the world over. Our manufacturing segments – Industrial Cranes and Port Technology – were especially hard hit.

The result was an almost 40 percent drop in our Group order intake. Well filled order books from the record financial year

2007/2008 allowed us to compensate for some of the decrease when it came to Group revenue. With revenue totalling EUR 1,047 million in financial year 2008/2009, we attained our target of EUR 1.0 billion to EUR 1.1 billion set at the end of the third quarter.

As our production facilities ran at substantially reduced capacity while fixed costs continued to be incurred, operating earnings before interest and tax (EBIT) fell sharply in the financial year 2008/2009 compared with the year before . With a Group operating EBIT of EUR 67.6 million, it was nevertheless possible to exceed the target corridor, since the prognosis for the end of the third quarter was EUR 55.0 to 65.0 million.

As already communicated on several occasions, the implementation of our restructuring programme is already in full swing. At the same time, we are implementing the announced target of further integrating the group in organisational terms. I will talk about this in more detail later.

Thanks to rigorous focus on cash and working capital management, however, Demag Cranes succeeded in generating positive free cash flow and almost completely clearing its net debt even in the crisis financial year of 2008/2009.

The general market environment – as already mentioned – was strongly affected by the negative influence of the economic and financial crisis throughout the whole of the past financial year.

The downturn in the global economic climate affected not only the large economic regions of North America, Western Europe and Asia, but also Central and Eastern Europe as well as Latin America. Countries such as the USA and the UK mainly suffered from the real estate and financial crisis, while the export-driven economies of Japan, China and Germany were primarily hit by the slump in foreign demand.

At the end of financial year of Demag Cranes AG – in the summer months of 2009 – the decline in the world economy slowed, however, and the first indications that the situation was stabilising appeared. This was due in part to the extensive economic policies pursued to support and reinvigorate the economy. Despite initial indications of stabilisation, experts still do not consider that the economic and financial crisis is over.

In Europe, almost all businesses felt the effects of the downturn keenly, especially after the collapse of investment bank Lehman Brothers in September 2008. As a result, there was a sharp

decline in capital expenditure in the euro zone and exports slumped. The banks imposed much stricter conditions for extending credit.

The German economy, too, suffered more and more as a result of the crisis: the global fall in demand particularly affected German export business. The economic situation of mechanical engineering companies continued to worsen during the course of the year. According to the industry association VDMA, order intake in the period from January to September 2009 fell by 44 percent in real terms compared with the same period in the previous year.

Towards the summer, the first signs of improvement appeared in the euro zone: such mood indicators as the purchasing manager index for manufacturing industries and the service sector and the economic sentiment indicator published by the EU commission rose again. The figures for the manufacturing industry suggested a slight recovery.

The market for industrial cranes shrank in the 2008/2009 financial year. Generally, the global economic crisis hit pure component suppliers harder than international suppliers of system solutions like Demag Cranes AG. Changes in industry

conditions were largely in line with the market development in the mechanical engineering industry.

Interestingly, the market volume share in the target markets recorded continuous growth despite the slow down, even though these markets are characterised by a strong fragmentation of competition.

In the market for the Port Technology segment, cargo volumes declined steeply and container transport rates fell dramatically in financial year 2008/2009. The decline in cargo volumes on the principal routes between Asia and North America, which was already apparent in summer 2008, deepened as a result of the economic crisis and caused a worldwide slump in the shipping industry to an extent which could not have been predicted.

Customers of the Port Technology segment reacted to these developments by stopping or drastically reducing investment activities. Many customers have also deferred planned investments. In addition to expansion investments, replacement investments also failed to materialise since the low capacity utilisation of terminals meant there was hardly any need for them. This low capacity utilisation also severely reduced demand for services. Overland container shipping showed a

similar picture. Investments declined sharply here, too, due to fallen economic output.

The effects of the financial and economic crisis are also taking their toll in the market of the Services segment. Overall, global demand for services fell in financial year 2008/2009. Lower utilisation of crane systems by customers meant that demand was down in all markets, especially for spare parts. However, the basic trend towards increased requirements for safety, reliability and availability with the corresponding business potential for services remains unbroken.

I would now like to go into more detail on some key figures from financial year 2008/2009.

The Demag Cranes Group generated an order intake of EUR 841.9 million in financial year 2008/2009. This was 36.4 percent down on the previous year as a result of the general fall in demand.

In the Industrial Cranes segment, order intake suffered as a result of the low willingness of customers to invest. Investment decisions were postponed in many cases. In comparison to the

previous year, order intake fell by 40.8 percent to EUR 397.9 million.

In the Port Technology segment, the sharp decline in the international freight business in the past financial year led to a greatly reduced order intake. This decreased by 52.1 percent compared with financial year 2007/2008, falling to EUR 151.8 million. All product lines were affected by the negative trend. It was only at the end of the financial year that the order intake for Mobile Harbour Cranes stabilised at a low level.

We also suffered a fall in demand for our products and services in the Services segment. The order intake was down by 12.7 percent to EUR 292.1 million. The impact on spare parts business was especially severe.

The value of the Group order book was EUR 313.1 million as at 30 September 2009. The comparative figure for the previous year was EUR 523.5 million.

In the Industrial Cranes segment, as at the balance sheet date the value of the order book was EUR 197.7 million, representing a decline of EUR 152.7 million compared to the previous year.

In the Port Technology segment, too, the value of the order book decreased sharply as a result of the crisis. After EUR 121.7 million as at 30 September 2008, a year later this value had fallen to EUR 69.4 million. In contrast, the order book in the Services segment proved quite stable with a decline of EUR 5.3 million compared to the previous year.

Because of the weak order situation, revenue in comparison to the financial year 2007/2008 also fell but thanks to a well-filled order book from the record financial year 2007/2008 it was possible to accommodate the decline. At group level, revenue fell by 14.5 percent compared to the previous year. Looking at the regional picture, we suffered decreases in revenue in almost all regions. However, at 9.4 percent, the fall in revenue in emerging markets was significantly lower than in mature markets, where we recorded a decline of 16.9 per cent.

The business segments were affected in various ways by the decline in revenue: in the Industrial Cranes segment, thanks to the well filled order book, the decline in revenue was considerably lower than in the other two segments with a drop of 4.4 percent to EUR 545.8 million. The main revenue drivers were Standard and Process Cranes. While the orders for some of these cranes were received in financial year 2007/2008, the

cranes were delivered to customers and the revenue realised in financial year 2008/2009 after an average manufacturing time of six to twelve months. In the Port Technology segment, revenue decreased by 37.3 percent to EUR 204.0 million. Since much more project-based business is conducted in this segment than in the other two segments, the negative effects of the financial and economic crisis were particularly drastic here. While the volume of orders stabilised at a low level towards the end of the financial year, it was not possible to make up for the severe decrease in revenue experienced in the second and third quarters. Revenue in the Services segment fell by 9.5 percent to EUR 297.7 million. Reduced crane utilisation by our customers brought a drop in demand for our high-revenue, high-margin spare parts. This development became particularly clear in the third quarter of 2008/2009. The demand situation became steady again towards the end of the financial year.

As a result of the crisis, we in the Group had to accept approximately a halving of the operating EBIT. Following EUR 137.5 million at the end of the record financial year 2007/2008, the value for the past financial year was EUR 67.6 million.

In the Industrial Cranes segment, in financial year 2008/2009, the operating EBIT fell by 37.8 percent to EUR 29.7 million. We

generated an above-average intake of orders in the financial year 2007/2008 for lower-margin Process Cranes delivered to customers after an average production time of approximately twelve months, producing a further shift in the segment's product mix. In addition to the under utilisation of our factories, this shift had a negative effect on the operating EBIT margin, which was 5.4 percent.

In the Port Technology segment, operating EBIT dropped sharply compared with financial year 2007/2008. The main causes of the EUR 36.9 million fall in earnings compared with the previous year are lower revenue and further decreases in production resulting in lower utilisation of factory capacity, both of which are consequences of the difficult business situation relating to ports.

In the Services segment, fewer spare parts were sold due to lower utilisation of customers' cranes. As a result, the operating EBIT was EUR 15.2 million lower than the previous year.

Despite the negative business environment, the operating EBIT margin for financial year 2008/2009 was within our medium-term expectations at 20.2 percent.

Ladies and Gentlemen,

As the economic and financial crisis worsened at the end of the last calendar year, the initial decline in business, in particular the drop in order intake in the Port Technology segment, was clearly felt. Demag Cranes AG responded quickly to the situation by cutting back the number of temporary employees and running down annual leave and overtime hours. In March 2009, a short work-week was imposed. As the orders situation continued to worsen and signs of medium-term recovery failed to materialise, the Management Board acted to secure the Company's future by presenting a restructuring programme which the Demag Cranes AG Supervisory Board unanimously approved this May. On the basis of the programme, among other things, up to 750 jobs in the Group will be cut worldwide. Via implementation of the measures, we are aiming for savings of up to EUR 60 million in the operating EBIT.

The negotiations on the compensation agreement and redundancy scheme for the Port Technology segment were concluded at Demag Cranes' subsidiary Gottwald Port Technology GmbH in July 2009. At the end of October 2009, the documents for the compensation agreement for the planned

restructuring measures at Demag Cranes AG and Demag Cranes & Components GmbH were then signed, in addition to the corresponding redundancy schemes.

As part of the associated measures, we centralised the organisational implementation of the so-called shared services functions with group-wide tasks such as IT, Accounting or Human Resources on 1 October 2009 via a partial operational transfer to Demag Cranes AG. Among other things, we are thus able to bundle tasks, avoid duplication of work, reduce interfaces and accelerate processes group-wide.

To ensure the economic stability of the Group over the long term, by means of the current measures we will sharply reduce the so-called break-even points. This is to be achieved by substantially reducing fixed and variable costs in the Industrial Cranes and Port Technology segments. In addition, we have set ourselves the target of further integrating the entire organisation, which I will talk about in more detail in a few minutes.

Ladies and Gentlemen,

I would now like to talk briefly about some financial figures from the past financial year.

Thanks to consistent and sustained financial management, Demag Cranes AG is well positioned in terms of the balance sheet. In particular, this is the result of a continuous emphasis on cash and working capital management in the past few years. So even in the financial crisis year 2008/2009 an upbeat free cashflow was achieved and the net debt reduced almost completely to EUR 6.3 million (previous year EUR 18.4 million) – despite a record dividend payment for financial year 2007/2008 of approx. EUR 30 million. So we are practically debt free.

At this point, let me explain to you in more detail the cost reduction effects of the restructuring programme.

Group EBIT was initially negatively affected in the amount of EUR 49.1 million by the cost of the restructuring measures.

We had already indicated the magnitude of these costs in the report for the third quarter 2008/2009. Of the EUR 49.1 million, 83.1 percent is cash relevant and the rest is non cash relevant. We had already paid out EUR 7.5 million by 30.09. By implementing the individual measures, we clearly reduced the profit attainment thresholds in the company and assumed annual cost savings of up to EUR 60 million.

In our factories around the world, we plan to trim production capacity in line with business volume.

For this reason, the restructuring programme has made it necessary to cut up to 550 jobs in the Group, mainly in Europe and the USA. A major part of the costs are personnel related costs, the share is therefore approximately 68.0. If the costs are allocated to the individual segments,

34.2 percent of the restructuring costs will be for the Industrial Cranes segment and 45.0 percent for the Port Technology segment. In Harbour Crane production here in Düsseldorf, production capacities were reduced accordingly, which has led to cost savings as a result of personnel downsizing.

Of the remaining costs, approx. 11.2 per cent of the restructuring costs fall on the Services segment and 9.6 per cent on the Demag Cranes Holding, which are not allocated to the segments.

Ladies and Gentlemen,

As a result of the negative effects of the economic and financial crisis and the restructuring costs posted to the amount of EUR 49.1 million, earnings after tax were significantly reduced to EUR

1.2 million. In the record year, the figure was EUR 80.8 million. The result per share is thus EUR 0.04 after EUR 3.79 in the previous financial year. Against this background, the Management Board and Supervisory Board have come to the joint decision not to propose any dividends to the Annual General Meeting for the financial year 2008/2009. I must assure you that this is not a decision we took lightly, but it was also taken under consideration of the continuing difficult and uncertain economic trends. The basic policy of distributing attractive dividends to reflect the operational success of the business remains in place for future years.

As at 30 September 2009, 5,934 employees worked in the group, 159 fewer than 30 September 2008. This reduction is to be ascribed particularly to the implementation of the restructuring programme.

At segment level, the number of employees in the Industrial Cranes segment was reduced to 3,398. In the Port Technology segment, the number of employees decreased to 774. The Services segment had a workforce of 1,719 at the end of financial year.

We generally regulate employee development in accordance with regional requirements, and this is also the case in the economic and financial crisis. So in the past financial year, we created jobs in growth regions such as Asia/Pacific, which were less affected by the crisis. We will continue with this approach in future.

Ladies and Gentlemen,

I will now come to the share price development.

The equity year 2009 initially started in the same way the crisis year 2008 ended. In the first calendar quarter, the world's share indices collapsed across the board during the financial and economic crisis. By November 2008, Germany's leading index, the DAX, had already hit a new four-year low. It staged a short recovery around the end of 2008 but then, on 23 February 2009, fell below the 4,000 mark for the first time in four years. Not until April – amid growing confidence in some sectors of industry, too – did the DAX embark on an upward trajectory that it has continued to track until the time of writing.

The MDAX was even quicker to recover. On 30 September 2009, it closed up 7.0 percent at 7,359 points.

The Demag Cranes AG share price largely tracked the general trend on international equity markets. It dropped by 6.5 percent overall, from EUR¹ 26.25 on 1 October 2008 to EUR 24.54 on 30 September 2009.

Throughout the financial year, the share price initially showed weaker development than its benchmark indices MDAX and DAX, but to a large extent was able to compensate for this deficit from November 2008 until the end of the period under review. The share price reached its annual low on 28 October 2008 with EUR 11.64. At the end of the financial year, the share closed at EUR 24.54.

With an upturn of 97.4 per cent from March 2009, the low-level period, until the end of the financial year on 30 September 2009 – following notification and the initial successes in implementing the restructuring programme – the share price showed a better development than the DAX. Following the low point on 6 March 2009, it increased by 58.6 percent. The MDAX, in turn, rose by 76.7 up to 30 September 2009 – in this comparison, too, the Demag Cranes' share showed a stronger rise in value.

As announced, I would now like to address our path towards becoming an integrated Group.

With the restructuring, centralisation and group integration we have initiated important measures for increasing the sustainability and competitiveness of the Demag Cranes Group.

The current group integration, i.e. the step-by-step consolidation of all activities of Demag Cranes & Components GmbH, Gottwald Port Technology GmbH and the Demag Cranes Holding, is not an end itself. We have clear aims in mind. As an integrated group, we can act more quickly, uniformly and flexibly. Responsibilities will be clearly defined and teamwork is fostered by the fact that key personnel can work together virtually without any overlap in their areas of competency.”

Here the customers are at the focus of our actions. In future, we will address this target group through an optimal interplay of operative interfaces from three sides, namely via the Sales department in the sales process, then via our product & contract management team when it come to optimally processing the order, and, of course, via our service team on the basis of various services extending beyond the life cycle.

These three functions represent the front line to the customer, so to speak, and are in a process of continuous exchange with the

upstream and downstream functions such as research & development, design and production.

The executives for these operative core functions are globally responsible and together with the Management Board form what is known as the Executive Committee.

This means that we have established functional management levels under the Management Board which are responsible for development and design, production, product and contract management, services and sales worldwide. Thus, as regards functions, we are growing together as ONE business and shortening co-ordination processes and procedures.

The necessary and extensive preparations for adjusting our business structures and processes as well as the organisational structure are in full swing, in order to implement the target structure as quickly as possible. At the same time, we are currently adapting our strategy to deal with the particular requirements of the economic and financial crisis and the subsequent period. In this context it was important for us to include the entire management team and their experience. It is only in this way that we are able to optimally adapt to the

changed environment brought about by the economic and financial crisis.

A significant integral part of our general strategic orientation will be to drive forward our innovation and technology leadership, to massively expand our service business and sales activities in the emerging markets, particularly in Asia. With the expansion of our sales network and supplementary product innovations, we are boosting the sales of our premium products.

Furthermore, we also see considerable potential in these markets resulting from augmenting the product portfolio and developing the medium price segment. The aim is to respond to the specific needs of customers in the growth regions and to offer corresponding products.

We have already achieved an initial milestone here: in India, we have localised the value creation chain for the construction of Process Cranes and tailored it to the needs of the market conditions there. Together with our Indian engineers, we have developed a Process Crane tailored exactly to the requirement profile of the Indian market and its customers. Construction of the crane relies to a great extent on Indian suppliers. So we are sustainably reducing costs and developing the relevant market in

a needs-orientated fashion, i.e. we are concentrating on offering service profiles, classified by the customer on site as creating added value and therefore also paid.

As in this example, a central approach will be to move even closer to the customers and respond to their needs with efficient system solutions. In this way, we plan to create clear added value.

For me, however, a crucial point is to develop a combined Demag Cranes Group culture beyond centralisation and integration, which takes the roots of the successful history of our subsidiaries and combines them in a new company image. In my view, this will be the central driver for success.

We have registered and applied for more than 1,000 patents for our two most important brands Demag and Gottwald. And the number of pioneering technological improvements and new developments is constantly increasing. Climate change, scarce resources, high energy prices and the growing willingness of customers to accept environmental and social responsibility are creating additional challenges for us as a technology and innovation leader. Accordingly, it is important for us as trend-setters to consider sustainable approaches and compliance with

the highest environmental and safety standards more and more as a matter of course.

In the Port Technology segment, we have responded to this and are raising the bar with our “Green Range” product line. In addition to optimising the use of available space, these developments aim to use energy efficiently as well as reduce noise and light emissions. With electric drive technology throughout our entire product range in the Port Technology segment and with other efficiency innovations, we have developed solutions that meet customer needs in terms of low operating costs and sustainability. These innovations include the battery-powered AGV Automated Guided Vehicle.

As already shown in the Group film, our Automated Guided Vehicles (AGVs for short) are already being used for fully automated container transport at some ports. In the Port of Hamburg alone, approximately 90 vehicles move containers from the quay wall to the stack.

The current generation of these cranes has a diesel-electric drive with the corresponding noise and exhaust pollution. With the newly developed battery AGV, we are following the new “zero exhaust emission“ concept and a clear reduction of

operating noise. Thanks to intelligent battery changing system, we can also provide just as high availability as with conventional technology.

Here we are supporting our customer in their efforts to provide sustained environmental protection in ports and terminals and creating sustained business potential for the future.

In order to motivate our employees to submit even more suggestions for improving products and production processes, the Group launched an ideas initiative as part of its ideas management system – with great success. In less than a year, more than 500 employee suggestions were singled out for award. The Management Board will therefore now extend ideas management to harness the innovative power of our workforce and maximise the resulting added value.

Ladies and Gentlemen,

To end my presentation I would like to talk briefly about the current financial year 2009/2010.

As you know, it was not until a few weeks ago that we submitted the report for the first quarter of the financial year 2009/2010

with all details. Correspondingly I would like to leave it with a summary at this point:

As expected, the business development of the Demag Cranes Group continued to be negatively influenced by the economic and financial crisis. Although the decline in our business seemed to be levelling out in this first financial quarter, the volume of business was still well below that set in our record financial year 2007/2008 and also below that of the first quarter of financial year 2008/2009. One year ago, because of the late cyclical business performance of the Industrial Cranes segment, the segment with the highest turnover, the Group was not yet affected by the crisis to the full extent. Therefore the quarter under review with the significant declines in the most important group key figures of order intake, revenue and operating EBIT can not easily be compared with the same quarter in the previous year.

The Demag Cranes Group order intake for the first quarter of financial year 2009/2010 came to EUR 184.5 million. The order book was worth EUR 297.3 million as at 31 December 2009. The comparative figure for the previous year was EUR 488.1 million.

Compared with the first quarter of 2008/2009, Group revenue fell in the first quarter of 2009/2010 by 31.2 percent to EUR 208.6 million. The segments were variously affected by the drop in revenue.

The operating Group -EBIT was EUR 9.2 million. This value results from a low capacity utilisation based on order values and postponements in the product mix in the Industrial Cranes segment.

As regards the general market situation, we can say that we are observing stabilisation indications which are still at a low level. The end of weak demand in many markets is not yet in sight.

In this context, I would like to point out that the figures for the first quarter were still absolutely within the framework of our business expectations in the context of planning for the whole financial year 2009/2010.

Ladies and Gentlemen,

To close the presentation, let me say a few words about the outlook:

For the current financial year, we assume that revenue development will be regressive compared to the financial year 2008/2009. This is partly because of the significantly lower value of the order book in the Industrial Cranes segment as at 1 October 2009 compared to the previous year, particularly for Process and Standard Cranes. In financial year 2009/2010, we expect the Group's operating EBIT margin to be in the mid single-digit range, depending on the absolute revenue level. Investments are expected to slightly exceed the volume of the previous year.

By implementing restructuring and integration measures, we are not only operating crisis management but are, in fact, realigning the Group to be more competitive for a future upturn and are preparing the ground for sustained growth.

We are financially well-placed, not least because of our strong balance sheet, so that after a successful restructuring process and in the event of a market recovery we also see room for manoeuvre for non-organic growth.

To conclude my presentation, I refer to our financial calendar: the figures concerning the second quarter of the financial year

2009/2010 will be published on 5 May. You can see the other dates on the slide.

Many thanks